

While not all-encompassing, the charts and graphs in *Hanford: Making Progress... Getting Results* paint a picture of RL's overall performance in fiscal year 1998.

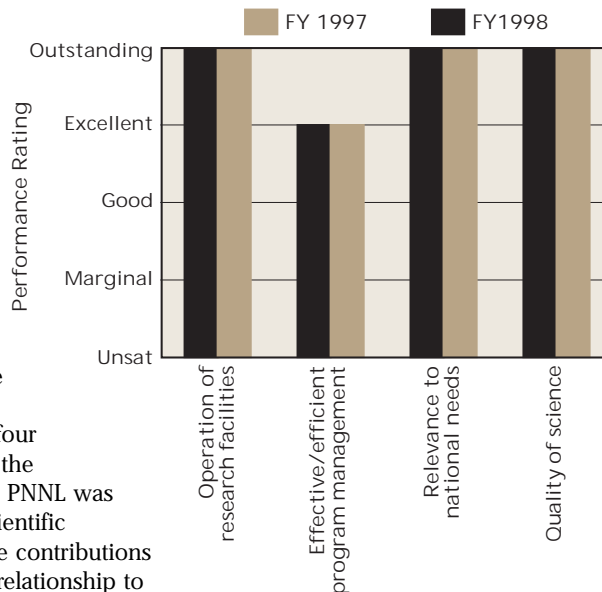
RL uses many performance indicators to assess progress in the Science and Technology Mission. This subsection presents selected indicators reflecting performance achieved on Critical Outcomes at DOE's Pacific Northwest National Laboratory (PNNL).

Stacked bar chart showing the number of technologies deployed at various sites for FY 1997 and FY 1998. The Y-axis represents the number of technologies deployed, ranging from 0 to 40. The X-axis shows the fiscal years FY 1997 and FY 1998. The legend indicates three categories: PNNL Deployments at Non-Hanford Sites (light tan), PNNL Deployments at Hanford (hatched), and Other Gov't/Industry Deployments at Hanford (dark brown).

Fiscal Year	Other Gov't/Industry Deployments at Hanford	PNNL Deployments at Hanford	PNNL Deployments at Non-Hanford Sites	Total
FY 1997	23	3	13	39
FY 1998	22	0	12	34

All of the PNNL technology deployments in fiscal year 1998 were to other DOE and Department of Defense installations. For example, the technologies created at Hanford enabled United Nations inspectors to remove nuclear materials from a sludge tank in Iraq, improve operations and worker safety at the Oak Ridge waste tanks, and provide the technical basis for remediation of a two-mile-long trichloroethene-contaminated plume at Idaho National Engineering and Environmental Laboratory.

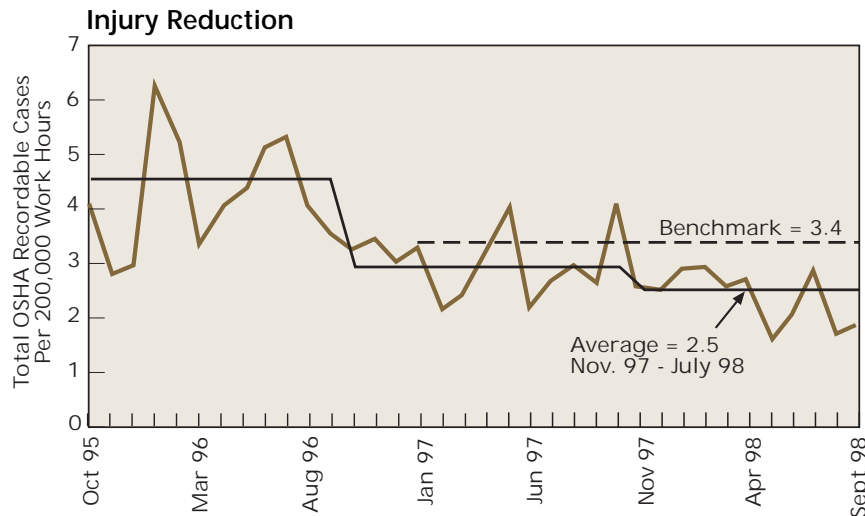
Each year, the Pacific Northwest National Laboratory receives a performance rating from the DOE Office of Science on its performance in science and technology programs. In fiscal year 1998, the PNNL rating on this element was Outstanding. The rating contributed to an overall rating of Outstanding of the Laboratory's performance in support of its programmatic sponsors. The chart shows the areas that serve as the basis for overall performance evaluation praised for being a "first rate scientific establishment" making "valuable contributions to DOE mission objectives." In support of the EM Mission, "the Laboratory's work, along with the technical programs associated with it, has made significant contributions to investigating and understanding environmental 'cleanup.'"



Cleanup: Critical Success Factors

Six success factors help RL judge the overall performance on the Environmental Management Cleanup Mission. This section presents highlights from these Critical Success Factors.

1 Protect Worker Safety and Health

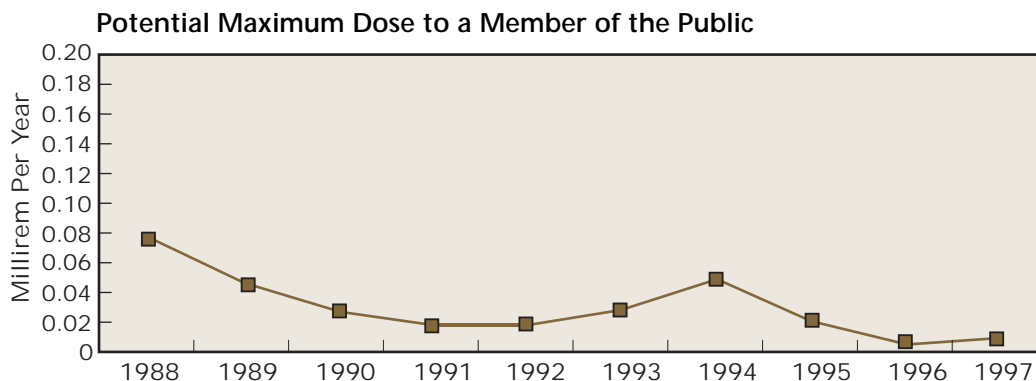


RL and the site contractors continued the multi-year trend of reducing Occupational Safety and Health Administration recordable injuries. From November 1997 to July 1998, RL and its contractors averaged 2.5 recordable cases per 200,000 hours worked, which was well below the DOE benchmark of 3.4 cases per 200,000 hours worked. The sustained reduction in recordable injuries is the result of constant attention to improving the protection of worker health and safety in all Hanford facilities.

Critical Success Factors

- 1 Protect worker safety and health
- 2 Protect public health and the environment
- 3 Manage Hanford to achieve progress
- 4 Optimize the Hanford Site infrastructure
- 5 Contribute to economic diversification
- 6 Build and strengthen partnerships for progress

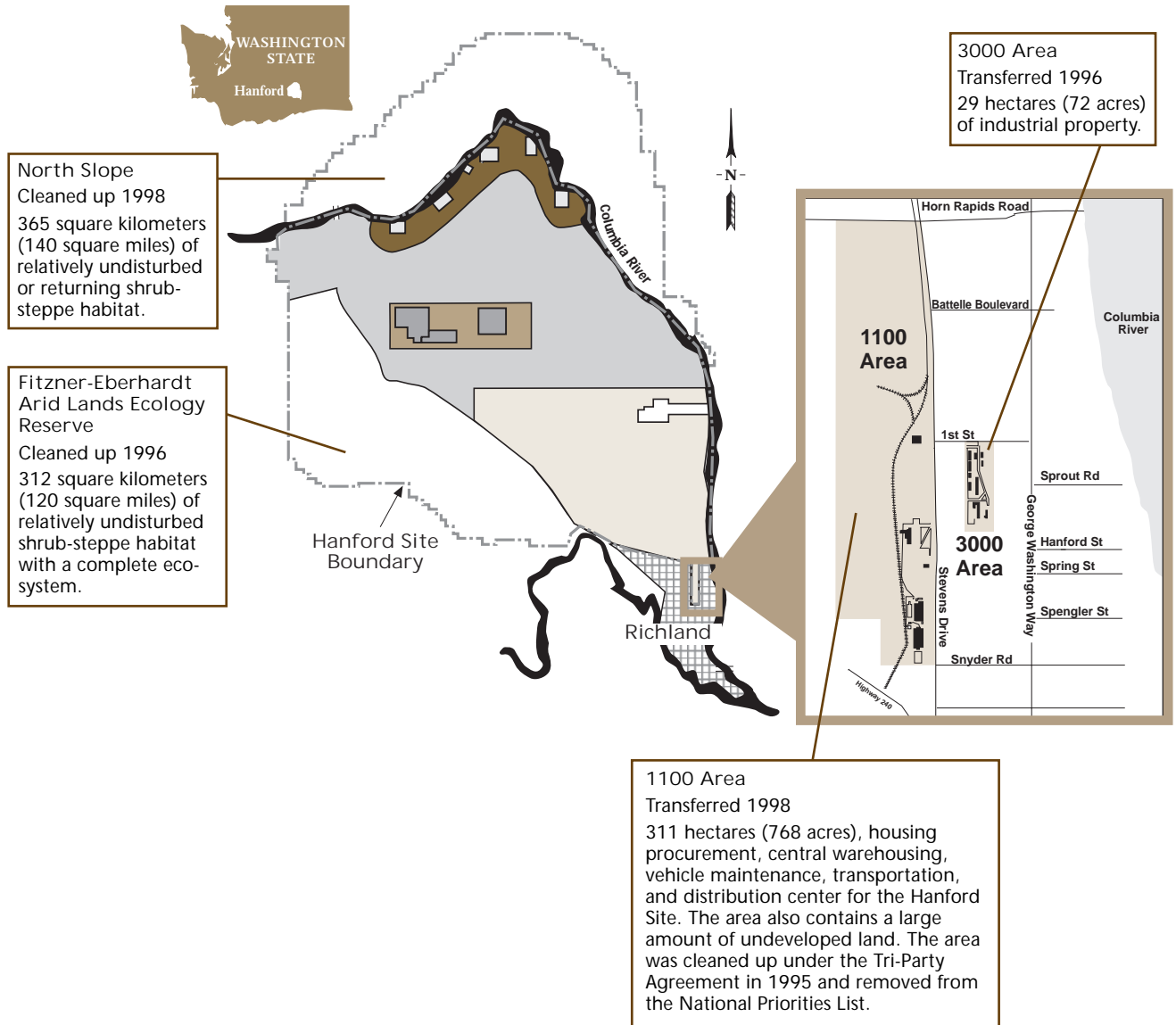
2 Protect Public Health and the Environment



RL routinely monitors radionuclide concentrations in air, water, soil, and foodstuffs near the Hanford Site to protect public health and the environment. In 1997, the estimated annual radiological dose from Hanford operations to the maximally exposed individual living near Hanford was 0.01 millirem/year. As a comparison, an individual receives an average dose of 300 millirem/year from background radiation.

3 Manage Hanford to Achieve Progress

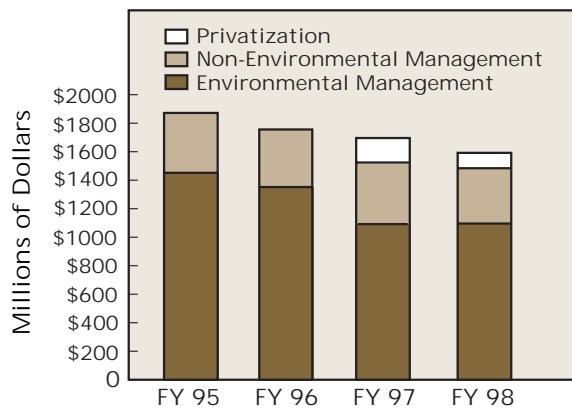
Land and Resources Made Available



About 50 percent of Hanford Site lands have been cleaned up or transferred for alternate uses. Most of the transferred lands are used for economic development. The North Slope has been put under the management of other federal and Washington state agencies but remains under DOE ownership to maintain a safety buffer zone and pristine habitat. In 1996, the Fitzner-Eberhardt Arid Lands Ecology Reserve was put under the management of the U.S. Fish and Wildlife Service, with DOE ownership maintained. To promote economic development, the 1100 Area was transferred to the Port of Benton in fiscal year 1998. The port leased facilities in the 1100 Area to the Livingston Rebuild Center to operate a maintenance facility for railroad locomotives. The 1100 Area transfer follows the 1996 transfer of the 3000 Area to the Port of Benton.

3 Manage Hanford to Achieve Progress

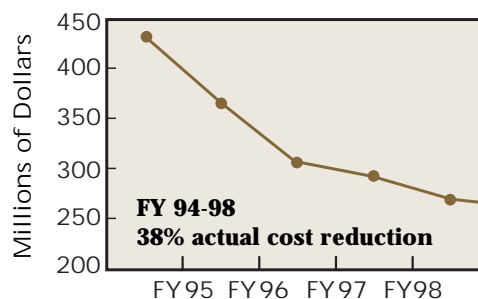
Budget Comparison by Year



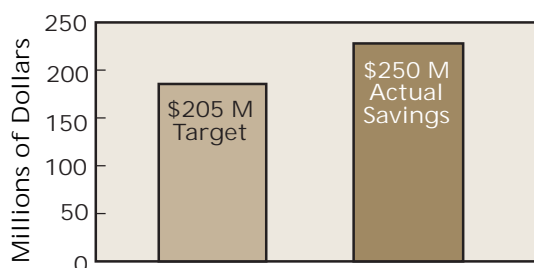
Hanford funding has decreased slightly from fiscal year 1995 to 1998. This made achieving performance goals more difficult and spurred more cost-saving initiatives to get more work done for less money. RL has been diligent in continuing to pursue efficiency measures to maximize use of available funding to meet compliance requirements with the Tri-Party Agreement, Defense Nuclear Facilities Safety Board, and applicable laws and regulations.

Project Hanford Management Contract Overhead and Service Center Cost Reductions

RL began reducing site indirect costs in fiscal year 1995. This effort has continued through the current fiscal year with cost reduction exercises and fee-based performance incentives. As a result of the RL initiatives, the contractors have reengineered, streamlined, and eliminated significant indirect costs. Examples of services eliminated or reduced include the Hanford Site bus service, elimination of over 23,000 square meters (250,000 square feet) of leased space, reductions in staff, outsourcing of mail services, reduced rail maintenance, and reductions in travel and overtime.



Fiscal Year 1998 Savings



RL saved a total of \$250 million in fiscal year 1998, exceeding the targeted savings of \$205 million by 22 percent. These savings are used to accelerate work scope into the current fiscal year, cover emerging new work scope, or offset cost growth in existing projects. Some areas where notable savings have occurred include 1) increased efficiencies in indirect and in general and administrative overhead such as reduced leased space costs, training, and travel, 2) early resolution of complex safety issues, 3) developing innovative strategies for closure, and 4) laboratory restructuring through centralization of core laboratory activity while closing small satellite labs.

Manage Hanford to Achieve Progress Training

To achieve progress, RL is committed to maintaining a well-trained and qualified DOE workforce. Selected 1998 training highlights include the following:

- 149 people completed the Technical Qualification Program, bringing the total to 178.
- A twenty-fourth functional area, Senior Technical Safety Manager, was added to the Program.
- Integrated Safety Management Program was implemented.
- Prototype of the Technical Career Path Program was started.
- Instructor Qualification Program was instituted.

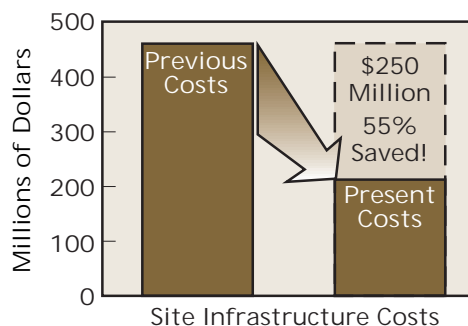
4 Optimize the Hanford Site Infrastructure

Year 2000 Computer Issues Addressed

During fiscal year 1998, all 225 Hanford systems underwent assessment. Planning and analyses were performed to understand the nature and scope of Year 2000 problems associated with each system, system interfaces were identified, and Year 2000 solution paths were established. One hundred ninety-three systems (86 percent) were renovated and 81 systems (36 percent) were tested for Year 2000 compliance and placed back into operation. All systems will be renovated and tested by July 31, 1999.

Vice President Gore Recognizes Hanford Infrastructure Savings

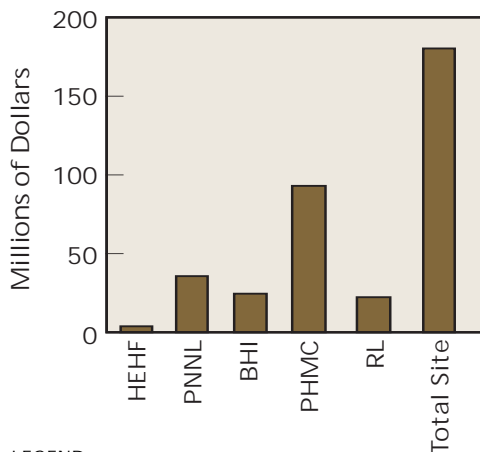
The Richland Operations Office's Site Infrastructure Division won the Hammer Award, presented by Vice President Al Gore for significant contributions in reinventing government. The 16-member division reduced site infrastructure costs by 55 percent over a 3-year period. The Site Infrastructure Division is responsible for utilities, roads, railroads, telecommunications, solid waste disposal, energy conservation, and computer systems at Hanford. The \$250 million savings was applied to critical Hanford cleanup projects. Division members reduced a \$460 million annual budget by obtaining services at competitive prices, improving contracts and performance agreements, eliminating non-critical planning and



study activities, and adopting a systems engineering approach to define services and requirements. The Division team competitively rebid electrical service in the 300 Area, subcontracted mail delivery, privatized site gasoline stations, eliminated unnecessary taxi and bus services, and terminated leases on more than 23,000 square meters (250,000 square feet) of underused commercial office space. This was the fourth Hammer Award presented to RL in two years.

5 Contribute to Economic Diversification

Regional Contract Awards

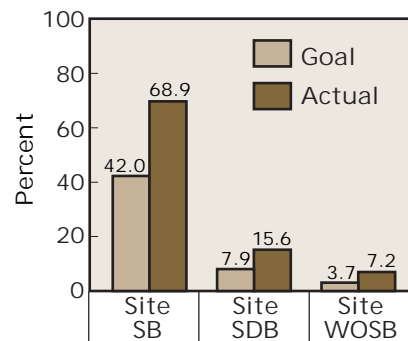


LEGEND:

HEHF = Hanford Environmental Health Foundation
 PNNL = Pacific Northwest National Laboratory
 BHI = Bechtel Hanford, Incorporated
 PHMC = Project Hanford Management Contract
 RL = Richland Operations Office

Awards totaled \$181.1 million in fiscal year 1998. These awards, which are made to local and regional businesses, help diversify the economy and bring prosperity to non-Hanford contractors.

Socioeconomic Contract Awards



LEGEND:

SB = Small Business
 SDB = Small Disadvantaged Business
 WOSB = Woman-Owned Small Business

Awards totaled \$354.6 million in fiscal year 1998 compared to a goal of \$275.5 million. These awards, which are made to small, disadvantaged, and woman-owned businesses, help DOE achieve its socioeconomic goals.

6 Build and Strengthen Partnerships for Progress

RL maintains an active relationship with regulators, the Hanford Advisory Board, Tribal Nations, Hanford Site Technology Coordination Group, and the publics it serves.

Hanford Advisory Board	<ul style="list-style-type: none"> • Full board met 8 times and issued 12 "pieces of advice" to the Tri-Party Agreement agencies
Hanford Site Technology Coordination Group	<ul style="list-style-type: none"> • Council met monthly • Subcommittees met monthly
Hanford Openness Workshops	<ul style="list-style-type: none"> • RL conducted 4 workshops and issued recommendations for enhancing openness
Tribal Nations	<ul style="list-style-type: none"> • Two tribal concerns workshops held • \$300,000 funding provided to Salmon Corps, part of AmeriCorps program
Public/Media	<ul style="list-style-type: none"> • Responded to nearly 1,000 media calls, hosted 31 media events, issued 116 press releases • Counted 1.1 million "hits" to the Hanford home page • Hosted 2,410 patrons to the DOE Public Reading Room, an increase of 7 percent over fiscal year 1997 • Distributed 2,711 documents, an increase of 8 percent over fiscal year 1997.

Corporate Citizenship and Management

Corporate Citizenship and Management Issues

RL seeks to serve Hanford, the Tri-Cities region, and the Pacific Northwest community as a responsive corporate citizen and effective manager of environmental cleanup and science and technology development.

Corporate Citizenship

Corporate citizenship includes a committed approach to public and Tribal Nation involvement, economic diversification, and regulatory oversight issues.

RL values open and productive dialogue with stakeholders and the community. Public involvement is encouraged through an assortment of Hanford activities, workshops, public meetings, and site tours. In addition, the Hanford Home Page (<http://www.hanford.gov>), helping to meet the needs of an increasingly electronic society, provides ready public access to information on current and previous Hanford activities, missions, and budgets.

In accordance with DOE's American Indian Policy, RL is working to solidify its government-to-government relationships with Tribal Nations. Through the year, Hanford increased interactions with Tribal Nations to provide for their early involvement in projects, plans, and activities.

RL continues to work with the community to diversify the economy and lessen the community's reliance on federal budgets. Locally, Hanford's payroll accounts for nearly 36 percent of all jobs. The diversification strategy includes Community Transition funding, the Community Worker and Transition Program, transfers of unused Hanford land to other entities for economic development purposes, and concerted efforts by Hanford contractors to create jobs in the local area.

RL also works closely with the major agencies that provide regulatory oversight at the Hanford Site, including the U.S. Environmental Protection Agency (EPA), the Defense Nuclear Facilities Safety Board, Washington State Department of Ecology, and the Washington Department of Health. Although Oregon does not have direct regulatory authority at the Hanford Site, DOE recognizes its interest in Hanford cleanup because of its proximity to the site.

Overarching Management Issues

Effective management is reflected in the successful resolution of "overarching" management issues that have the potential to substantially influence Hanford Site cleanup

or impact the safety of workers, the public, and the environment.

State of Washington Notice of Intent to Sue

Due to numerous technical safety issues, DOE missed two deadlines to begin pumping radioactive liquid waste from 149 single-shell tanks into sturdier double-shell tanks. The deadlines were part of the Tri-Party Agreement between DOE, Washington state, and the EPA.

In June 1998 the state, concerned about the pace of tank waste cleanup at Hanford, announced that it intended to sue DOE for missing the deadlines.

"We share (Washington state's) frustrations at the pace of cleanup at Hanford," said RL Manager John Wagoner in responding to the state's announcement. "But this is complex, extremely dangerous work and we have to proceed with caution. I cannot and will not allow safety to be compromised in our effort to comply with schedules in the Tri-Party Agreement."

Despite the impasse, the parties continued to work together toward a new, mutually acceptable pumping schedule that would head off the lawsuit and get the work done.

A breakthrough came in early October 1998. Energy Secretary Bill Richardson announced an agreement with the state that outlines achievable timetables for pumping the remaining single-shell tanks. The new schedule calls for the tanks to be prioritized according to risk.

Privatization Solution for Tank Waste

There are 204,000 cubic meters (54 million gallons) of radioactive waste stored in underground tanks on the Hanford Site. Some of the tanks have leaked in the past and pose potential threats to the environment. Safe, cost-effective treatment and immobilization of tank waste are high priorities for regulators, the public, and Tribal Nations. DOE believes that "privatization"—hiring a private company to do the work—is the best approach for treating and immobilizing tank wastes.